

University of Wollongong Research Online

Faculty of Social Sciences - Papers

Faculty of Arts, Social Sciences & Humanities

2003

Regional development politics along Australia's eastern seaboard

Phillip O'Neill
University of Newcastle

Pauline M. McGuirk
University of Wollongong, pmcguirk@uow.edu.au

Follow this and additional works at: <https://ro.uow.edu.au/sspapers>



Part of the [Education Commons](#), and the [Social and Behavioral Sciences Commons](#)

Recommended Citation

O'Neill, Phillip and McGuirk, Pauline M., "Regional development politics along Australia's eastern seaboard" (2003). *Faculty of Social Sciences - Papers*. 2391.
<https://ro.uow.edu.au/sspapers/2391>

Research Online is the open access institutional repository for the University of Wollongong. For further information contact the UOW Library: research-pubs@uow.edu.au

Regional development politics along Australia's eastern seaboard

Abstract

Despite its enduring nature, there is remarkably little published analysis about Australia's period of contemporary prosperity. It is clear that the post-war Keynesian-Fordist foundations for accumulation in Australia have been displaced. Prima facie evidence suggests that this displacement centres on economic advantage within the nation's finance, property and business services sectors. Evidence also suggests that a new territorial configurations of Australia's urban and regional economies has accompanied this sectoral shift and, in turn, new spatial distributional flows have been generated. The paper examines whether a new urban-centric economic configuration has emerged. Economic reterritorialisations in Australia have necessarily produced new stabilising institutional configurations. For Sydney, this has involved complex, multi-scaled, private-public arrangements. For non-metropolitan regions, the reterritorialisation of institutions has not been as concerted or complex. Rather, drawing on simplistic ideas about new regionalism, non-metropolitan regions have been encouraged to develop disconnected, local scale accumulation projects, with varying degrees of success. The paper argues that these institutional responses have been inadequate in producing equitable, enduring economic growth outcomes.

Keywords

development, seaboard, regional, eastern, politics, australia, along

Disciplines

Education | Social and Behavioral Sciences

Publication Details

O'Neill, P. & McGuirk, P. (2003). Regional development politics along Australia's eastern seaboard. In E. Carlson (Eds.), *The Full Employment Imperative: 5th Path to Full Employment Conference and 10th National Conference on Unemployment* (pp. 197-208). Newcastle, Australia: Centre of Full Employment and Equity.

Regional development politics along Australia's eastern seaboard

Phillip O'Neill and Pauline McGuirk
Centre for Urban and Regional Studies
University of Newcastle

Abstract: Despite its enduring nature, there is remarkably little published analysis about Australia's period of contemporary prosperity. It is clear that the post-war Keynesian-Fordist foundations for accumulation in Australia have been displaced. *Prima facie* evidence suggests that this displacement centres on economic advantage within the nation's finance, property and business services sectors. Evidence also suggests that a new territorial configurations of Australia's urban and regional economies has accompanied this sectoral shift and, in turn, new spatial distributional flows have been generated. The paper examines whether a new urban-centric economic configuration has emerged.

Economic reterritorialisations in Australia have necessarily produced new stabilising institutional configurations. For Sydney, this has involved complex, multi-scaled, private-public arrangements. For non-metropolitan regions, the reterritorialisation of institutions has not been as concerted or complex. Rather, drawing on simplistic ideas about new regionalism, non-metropolitan regions have been encouraged to develop disconnected, local scale accumulation projects, with varying degrees of success. The paper argues that these institutional responses have been inadequate in producing equitable, enduring economic growth outcomes.

Introduction ¹

Since the early 1990s Sydney has experienced a prolonged period of prosperity underpinned by dramatic economic transformation and producing major economic reterritorialisation especially along Australia's eastern seaboard. Yet the *spatial* manifestations of this economic change are not well understood, have not been mapped and, consequently, are poorly recognised in public policy settings. In this paper, we present an argument for the need to develop a more sophisticated and much needed understanding of the economic role of Sydney within the contemporary Australian eastern seaboard economy as a prerequisite to the development of appropriate urban and regional (physical, economic and social development) policies. We use the concept of reterritorialisation as our framework. By reterritorialisation we mean the changing territorial organisation of economy and governance and the associated shifts in the cartography of related accumulation and distributive flows. Our starting point here is the spatialised nature of contemporary accumulation and distributional processes at a global scale and the role of territorial reconfigurations in the production and reproduction of these processes.

The paper has three main sections. *First*, the relationship between the changing form of global capitalism and the reterritorialisation of both regional economies and state spaces is explored. *Second*, a brief summary of the available evidence for the reterritorialisation currently reconfiguring Sydney and Australian space economies generally, and its impacts, is provided. *Third*, an exploration is made of the reconfiguration of the institutions that govern urban and regional development – another reterritorialisation. In concluding, it is argued that we

currently face significant empirical problems in generating adequate understandings of the changing spatiality of Australia's prosperous eastern seaboard economy. Failure to build these understandings will have major implications for the course of urban and regional development along the eastern seaboard and will continue to create a major obstacle to the development of adequate management policies across a range of social and environmental domains.

Economic reterritoralisations: global capitalism and the territorial repositioning of the urban economy

Amid the explosion of interest in economic globalisation, geographers have, naturally, been concerned with its general spatiality (Sassen 2003); its complex local geographies (Cox 1997); the political practices whereby they are territorialised (Peck 2002); and the scaled-territories generated (Swyngedouw 1997; MacLeod and Jonas 2003). In a prior economic period, the stabilisation of the spatial economy under Keynesian-Fordism was characterised by nation-scaled synchronicity between state, economy and territory. Keynesian-Fordism naturalised the nation as a particular scale of organisation and as a spatial form for economic organisation and governance (Taylor 1994). Economic globalisation, however, has driven a new and complex reconstitution of the spatial organisation of economy; one lacking in stable scaled form, irrespective of the continuing importance of the national. Studies of such territorial transformations have revealed that 'spatial scales are never fixed, but are perpetually redefined, contested and restructured' (Swyngedouw 1997:41), and consequently that 'the scales of capital accumulation, state territorial power, (and) urbanisation... are being continually transformed, disarticulated and recombined' (Taylor 1996).

Moreover, within a hegemonic neoliberalism (Bourdieu and Wacquant 2001), financial liberalisation and trade deregulation have enabled the emergence of new spatial patterns of capital flows focused around new territorially reconfigurations of economic activity in which circuits of production, investment and information no longer bear an *a priori* relation to national boundaries. In parallel, the deregulatory impulses of a globalised economic order have challenged the autonomy of nation-states to pursue strong central programs of regulation be it with regard to national industrial policy, or wage, currency or trade regulation (Brenner 1998). The 'debordering' created by neoliberalism and its encouragement of globalised economic flows remove the self-confidence of a nation-state to operate as a 'self-enclosed container of socio-economic activities' (Taylor 1994). The crisis of Keynesian-Fordism and the globalisation of economic organisation, then, have witnessed a growing disjuncture between the scales at which capital accumulation and production are organised (increasingly complex and globalised) and at which state economic-territorial power is available (primarily national).

Shifting demands on the national scale to produce the organisational basis for accumulation have produced a redundancy for the Fordist-Keynesian institutional hierarchies and the political-territorial constructions that once framed economic governance (Jessop 2002; Sassen, 2003; Swyngedouw 1997). Dramatic transformations in the spatiality of the state and of its governance and regulatory capacity have ensued (Collinge 1999). The rescaling of economic organisation has driven a territorial reorganisation of state spaces in which the national is pre-empted as the dominant scale for socio-economic governance and replaced by a host of politically constructed, differently-scaled state spaces; from political devolution to the regions (most particularly in the UK and Europe) to political centralisation at the supra-national level (MacLeod and Jonas 2003; Brenner 2000, Jessop 1990, Allen *et al* 1998, Jones 1997).

The most powerful analyses of this remapping of the territoriality of capitalism explore the interconnected influences on the spatial economy of neoliberalism, deregulation and globalisation and the 'upheavals of entrenched interscalar relations' these processes have produced (Brenner and Theodore 2002: 341; also Smith 2002, cf. Cox 2001). In abstract form, the new economic and political organisation of space is argued to consist of 'a hierarchy of interpenetrating territorial scales of economic activity and governance relations' (Scott 2002: 13) displacing Fordist-Keynesian architectures with a reorganisation of economy, institutions and regulations across a range of scales, levels and territories: the urban, the regional, the transboundary network, the supra-national (Brenner 1998; Smith 2001). This multi-directional re-scaling and the emergence of new organisational spaces is theorised as the outcome of capitalism's search to stabilise a new 'post-national' territoriality and a revised spatialised-state form; the tentative production of a new grammar of space, if you like (MacLeod and Jonas 2003). Thus, there has emerged an exposition of capitalism as a scaled, territorially embedded accumulation process accompanied by a neoliberal order of economic governance organised at and practiced through re-scaled state spaces. At the very least, a nation-state-centric configuration of world capitalism is being rendered more complex by a spatially reconstituted configuration of territorial economies. Space has not become redundant.

One space, the city, is increasingly seen as economy's 'fundamental geographical unit' for organisation and governance (Brenner 1998: 4). Cities are seen as key sites in forging and regulating contemporary, globalised, regimes of accumulation (Peck and Tickell 2002; Keil 1998; Jones and Ward 2002), no longer sub-units of national economic space integrated into a nested national urban system but, rather, replacements to territorial economies of nation-states, 'the optimal spatial scale for capital accumulation' (Yeoh 1999:609) in a 'city-centric capitalism' (Brenner 1998: 8), driven by metro-centric knowledge and finance industries (Amin 2000). Importantly, a city-centric capitalism is seen to be imbued with neoliberalist accumulation and regulatory strategies (Jessop 2002; MacLeod and Jonas 2003; Smith 2002).

Brenner's (1998) and Smith's (2002) analyses are typical and proceed as follows. A new spatial configuration of global capitalism has emerged that is essentially metro-centric whereby cities take three key roles. *First*, they are nodes of accumulation in globalised circuits of capital: sites of post-Fordist industry, embedded in flows of capital that no longer necessarily overlap with national economic space. *Second*, they are centres of competitive advantage in globalised competitive urbanisation. Host nations promote national economic performance in and through this urbanised competitive advantage. *Third*, they are co-ordinates/levels of state territorial power within a larger matrix of state institutions. Thus alongside their accumulation roles, cities become key state spaces.

Reterritorialising accumulation and the Sydney economy

We detail elsewhere Sydney's extraordinary rise as a prosperous global city region, the accompanying reterritorialisations and the spatial equity consequences (O'Neill and McGuirk 2002). Here we summarise the evidence and argument in three parts. *First*, we argue that a three-decades-long re-engineering of the national economy, in the context of a globalising capitalism, has favoured the Sydney basin economy. The deregulation and restructuring of the Australian economy from the 1970s onwards coincided with the repositioning of Sydney, especially inner Sydney, as a site favourable for the management of financial capital. In the past two decades enduring growth in the finance, property and business services sector has underpinned growth in the Sydney basin economy. Moreover, Sydney has built on its locational advantages accumulating world-class business and entertainment infrastructures together with the ongoing development of a highly competitive high-skill professional labour supply.

Second, the success of the Sydney basin economy has generated a long period of prosperity for participating households reflected in rising incomes, asset prices (especially housing) and a rising demand for labour across the range of labour market segments. Even in outer western Sydney unemployment rates – considered in the early and mid 1990s as too high and structurally obstinate – have fallen substantially.

Third, away from Sydney there is evidence of a growing separation of the regions from macro-formed accumulation processes. There are a variety of circumstances. Many households have become precariously attached to the paid labour force, especially single female-headed households with young children dependent on low-cost housing procurable in economically stagnant non-metropolitan areas. Older male workers in post-war industrial centres have been forced to endure long-term unemployment as alternate employment opportunities have failed to emerge. More mobile younger workers migrate to Sydney where work opportunities are significantly higher; and so on. The absence of spatial redistribution mechanisms, such as were integral to the post-war Keynesian-Fordist accumulation strategy, has compounded economic malaise in non-metropolitan regions, especially those away from those eastern seaboard regions where immigration (especially associated with retirement flows) has produced construction-led economic stimulus.

The following section argues that distinct institutional arrangements have emerged in accompaniment to these economic divisions.

Reterritorialising the institutions of economic governance

Economy is an instituted process (Polanyi 1982). Its accumulation and distributional moments are connected to, governed by and stabilised through an architecture of institutional forms and capacities. Hence the reterritorialisation of the economy and the constitution of a new accumulation strategy have required a major shift in institutional arrangements, especially in and around the state apparatus. Globally, the emergence of a 'post-national' neoliberal capitalism has witnessed a tangible restructuring and rescaling of the state's territorial organisation (Cochrane 1999; Cox and Jonas 1993; Jessop *et al* 1999). As noted above, urban and regional territories are seen to have emerged as strategic territories through which global competitive advantages can be promoted and secured (Keating 2002); and cities in particular are seen to have emerged as a strategic scaled territory at which to fashion state institutions appropriate to the governance of accumulation (Kipfer and Keil 2002).

It bears emphasis that the organisation and practice of governance and regulation are not fixed at any given scale but are located there provisionally (Cox and Jonas 1993; MacLeod 2001). As Peck (2002:340) explains:

'...the scalar location of specific political-economic functions is historically and geographically contingent, not theoretically necessitated. Functions....do not naturally reside at any one scale, but are variously institutionalised, defended, attacked, upscaled, and down-scaled in the course of political-economic struggles. Correspondingly, the present scalar location of a given regulatory process is neither natural nor inevitable, but instead reflects an outcome of past political conflicts and compromises.'

Thus the institutionalisation of governance tasks at particular scales and the social construction of particular governance territories are politically charged processes and events rather than self-evident or smoothly accomplished (see MacLeod and Jonas 2003). They emerge from the interplay of macro- and micro-processes forever seeking a stable territorial organisation of economic governance appropriate to a particular accumulation strategy (Brenner and Theodore 2002; Cox and Mair 1991). Pertinent to the argument here are, *first*,

the reconfiguration of Sydney's institutional base and, *second*, the institutionalisation of 'new regionalist' policy forms across a host of non-Sydney regions.

Sydney's governing institutions

As noted, Sydney's traditional role as primate city of NSW, embedded in a national territory and institutionalised system of redistribution, has been transformed by the enactment of reterritorialisation processes. Transformation of Sydney's institutional base and the strategic repositioning of Sydney's governance within the landscape of national economic governance is a further component of reterritorialisation whose implications need to be understood both in and of themselves and in relation to broader regional economic governance.

The script of competitive globalisation which accompanied financial liberalisation in Australia and the associated, if slower moving, deregulation of product and labour markets has become progressively entrenched in the key state bureaucracies that preside over Sydney's economic and development planning; from the NSW Premier's Department through to the Department of State and Regional Development (DSRD) and the recently reconfigured super-bureaucracy, the Department of Infrastructure, Planning and Natural Resources. Shaping Sydney as a globally competitive city has been effectively inserted as an imperative that has powerfully informed, if not fully determined, the changing nature of governing institutions, their institutional practices, and their territorialisation. Thus Sydney has become a performance of the globalisation script.

Within this script, the roles, activities and rhetoric of state government, boosted by national state support and local state compliance, have focussed increasingly on three areas. Crucially, all of these have built new Sydney-oriented institutional capacity. The *first* is promoting and exploiting the city's global profile. For instance, DSRD produces a series of investment profiles and competitiveness reports that benchmark and promote Sydney as a competitive location for key industry sectors, particularly those in globally competitive 'new economy' sectors. Achieving global competitiveness was installed as the core of the DSRD agenda and embedded as the vision at the heart of its Strategic Plan (2000-03). The global competitiveness narrative counterposes competitiveness with obsolescence; so achieving the global (competitive) city status is installed as a moral imperative.

The *second* capacity is facilitating large-scale developments especially those associated with 'new economy' and 'global city'. State governments since the 1980s have progressively sought to use state-assisted tactical development projects to reposition Sydney globally (O'Neill and McGuirk 2002; McGuirk 2003). Special purpose state authorities have been created to oversee and plan the redevelopment of specific 'global' consumption precincts (e.g. Darling Harbour, Fox Studios, the Harbour Foreshore). Moreover, the Premier's Department specialises in forging links across government tiers and departments to steer major international investment proposals through the regulatory environment. These activities signify a strengthening institutional capacity to actively seek investment in Sydney; and this institutional capacity building is supported by the federal government's initiative of establishing Australia, via Sydney, as 'the Wall Street of the Asia Pacific' (Hockey 1999) driven by the setting up of Axis Australia – a centre for global finance – to enhance Australia's competitive integration into global finance circuits.

The *third* capacity is forging new institutional practices, notably that of partnerships with the private. Networks and partnerships have been widely adopted as the new institutional norm of governance practice, particularly at the urban scale (Rhodes 1997; Davies 2001); and Sydney has followed suite. A host of partnership-style cross-sectoral engagements has been formulated which erodes divisions between state and civil society (see Hastings 1999) and

institutionalises a collaborative state form. Notable here is the political construction of a series of state-orchestrated collaborations with strategically-selected non-state actors in the form of advisory forums, taskforces and councils (Table 1). Few are explicitly Sydney-specific, yet they are concerned with enhancing state capacity and securing economic growth in globally competitive sectors – in the predominantly Sydney-focussed finance and ITandT industries in particular – and with the 'global imperative' of providing competitive institutional and regulatory processes which might assist in integrating Sydney (and hence the nation) into global accumulation circuits. Beyond this has been the institutionalisation of instrumental, project-specific partnerships aimed to secure specific developments. Most recent here are partnerships forged around the planning and procurement of infrastructure in the light of an infrastructural deficit seen commonly as endangering Sydney's and hence Australia's global competitiveness (Access Economics and Maunsell McIntyre 2000; NSW Urban Taskforce 2002). Privately Funded Projects (PFPs) are to be the way forward for the development of strategic infrastructure (Premiers Department 2001). Partnership is being granted authoritative status as the normative model of governance and as an institutional form for the animation of collaborations with strategic political and economic actors.

All of the above suggest the reterritorialisation of institutional capacity for governance in the context of an overbearing consciousness of Australia's changing positioning in the global economy and of Sydney as a spatially strategic site in producing competitiveness and position. Ensuring Sydney's receptiveness to global circuits of capital then becomes a spatially selective political strategy (see Jones 1997), one focussed on the urban-territorial scale and around which new institutional capacity and new institutional practices are mobilised. Importantly, non-state actors are crucial in this institutional reterritorialisation; they have utilised the urban scale as a space of engagement with government authorities at state and federal levels (see Cox 1998); and projected Sydney as a key terrain of governance in the project of national global economic integration (see MacLeod and Goodwin 1999: 518 for a similar argument re London).

One example here is instructive. The Property Council of Australia—the powerful peak advocacy body for the property industry—has been dominant in public debate around Sydney's economic governance. The PCA has also called for nationally-derived urban policies which recognise the primacy of metropolitan areas for all competitive economic activities (PCA 2002a and 2002b) with the argument that 'urban issues are neither purely local nor purely domestic any longer but central to both national cohesion...and international competitiveness' (PCA 2002b:vi). Sydney's contribution to the competitive standing of the national economy receives particular attention in the PCA's argument for strengthening strategic and infrastructure planning and governance arrangements for major cities. Sydney is presented as 'the nation's economic powerhouse and the gateway to Australia. It is also our best 'brand name'. ...Sydney's economic growth underpins growth elsewhere in the state...Sydney is now competing on a global stage for investment, trade and talented workers (PCA 2002a: 3). Crucially, the PCA does not seek a deregulatory agenda. Rather it demands concerted state and federal action to address what are recognised as the multiscalar forces and flows buffeting the Sydney economy. It does, however, suggest a territorial scale to the organisation of strategic intervention, one which aims to achieve economic regulation in line with 'global imperatives' through the urban (see Brenner 1998; Cox and Mair, 1991; Jonas 1996). Specifically, the PCA argues that 'the effectiveness of macro-economic policies on economic development has diminished with globalisation...[while] the nation's prosperity—a key responsibility of the Commonwealth government—is increasingly dependent on the economic development of its cities' (PCA 2002a:x). Indeed, echoing the Committee for Sydney, the PCA calls on the federal government, which traditionally has played a low-key

urban role, to cease its 'hands-off approach' and recognise this key policy realm as crucial to a broader national project of international competitiveness. Crucially, however, entrepreneurial competition-oriented policy responses sought by new urban-oriented institutions and institutional practices are oriented primarily towards securing accumulation outcomes. They contain neither a distributional strategy nor a consciousness of the spatial and territorial outcomes of market distributions.

Table 1: Cross-sectoral collaboration on economic development planning

1986-7	<ul style="list-style-type: none"> • State Development Council: to develop policy and identify opportunities for state development (government and business membership)
1990-1	<ul style="list-style-type: none"> • Economic Development Committee of NSW Cabinet: advisory committee on state economic development comprised mainly of key senior business representatives
1991-2	<ul style="list-style-type: none"> • Sydney Financial Services Taskforce: to investigate policy settings to promote Sydney's role as a global financial market (government and business membership)
1992-3	<ul style="list-style-type: none"> • Office of Economic Development: to facilitate large scale, strategic economic development projects (Premier's Department)
1995-6	<ul style="list-style-type: none"> • Olympic Business Roundtable: to maximise business opportunities created by hosting the 2000 Olympics, including representatives from business and industry associations, the union movement, Sydney City Council (DSRD) • Partnership Program with Industry Associations (DSRD) • Information Industry Advisory Board: grouping of relevant government agencies and key business players to provide advice to state government on the development of the information industry sector (DSRD) • NSW Trade and Investment: facility providing comprehensive business information supported by professional advisors from DSRD, Austrade (Federal Government), NSW Chamber of Manufactures, NSW Chamber of Commerce (DSRD)
1997	<ul style="list-style-type: none"> • Strategic Projects Division: to provide leadership, liaison and coordination across government agencies and spheres to ensure government's strategic economic and social objectives are met (Premier's Department) • Investment 2000: international marketing program designed to attract foreign investment including DSRD, Federal government and major Corporate representatives (DSRD) • Innovation Council: to advise government on the policies and programs needed to assist NSW business to be globally competitive and to capitalise on its intellectual property (DSRD)
1999	<ul style="list-style-type: none"> • Premiers' Business Forum: regular forum to highlight government and business cooperation and ensure state business programs are informed by business community views forum, including NSW Premier, senior state government ministers, and 130 senior business representatives (DSRD) • Infrastructure Coordination Unit: to manage issues arising from the relationship between the public and private sectors in infrastructure provision. Production of guidelines for private sector participation in public infrastructure provision (Premier's Department)
2000	<ul style="list-style-type: none"> • East Asia Business Council: forum of state government, business and community representatives to advise government about the challenges and opportunities for new trade and investment in East Asia (DSRD) • Investment 2000: Joint and cooperative endeavour between DSRD, Federal government and major Corporations: an international marketing program designed to attract foreign investment.
2001	<ul style="list-style-type: none"> • Sustainability Advisory Council: Peak Advisory forum on issues of sustainable building design and construction. Industry, government and NGO representation (DUAP)
2001	<ul style="list-style-type: none"> • NSW Infrastructure Council: body designed to promote and advise the State Government on major privately financed projects across NSW, with membership of senior Government Ministers and senior executives from the private sector construction, engineering, banking and other related industries body

Source: Annual Reports of DSRD, Premier's Dept and Planning NSW

Governing non-Sydney

Institutional reterritorialisation has had a different face and configuration away from Sydney. When it comes to governing regional economic development, conservative governments have appealed to the doctrine of 'new regionalism', a policy frame that views the *region* as a key organisational scale for generating competitive economic development. State-sponsored development agencies such as the Hunter Economic Development Council (HEDC) represent the institutional face of regional economic governance. In Australia's non-metropolitan regions, these agencies have widely adopted 'new regionalism' practices where regions are encouraged to build new institutions and behaviours, mostly entrepreneurial in character and micro-economic in focus. The clear emphasis in the shaping of new regionalist institutions is on programs that seek to maximise regional accumulation outcomes. Competitive advantage is argued to lie in: nurturing regional-scaled associations between local entrepreneurs; developing industry clusters; and building trust and reciprocity so as to release local development synergies. Distributional outcomes are rarely first order priorities. More significantly though, such programs provide an opportunity to deflect responsibility for both accumulation and distributional problems in the regions away from central government with both being conceptualised as a local responsibility to be addressed within a neoclassical supply-side management framework.

There is a stark contrast, then, in how the task and scope of Sydney's economic governance is viewed compared to that of (non-Sydney) regional economic governance. Sydney's economic fortunes are cast as multi-scalar, with the changing urban landscape of economic opportunity seen to emerge from events inside and outside the metropolitan region, as well as from beyond the national scale. The stage is set therefore for the governance of accumulation flows emerging from Sydney's territorial economy to be addressed at multiple scales. This is precisely the logic driving PCA demands for a national urban strategy with particular attention to the policy needs of Sydney, understood as the engine room of national accumulation. By contrast, new regionalism localises the perceived forces of regional growth or decline, judging both regional problems and their solutions to be attributable to the region itself. This localising logic provides a justification for a retreat from any nationally conceived policy mechanisms to guide regional accumulation. Moreover, the decline of nationally mediated and inherently spatialised distributional mechanisms provides regions with little access, beyond market mechanisms, to the distributional flows arising from the prosperity of Sydney's territorial economy.

Conclusion

Our argument has been that Australia's key urban economies, particularly Sydney, have displaced the multiscaled, cross-territorial political project that was constructed from post-war Fordist-Keynesian architectures. The Australian Settlement (Kelly 1994) built an accumulation strategy that collected rents by sectoral specialisations and a distributional strategy institutionalised by federal structures and political balance between urban, rural and resources regions and propelled by Keynesian fiscal strategies which were inherently spatial in effect. This was a political project with a vision of national advancement at its heart. Australia's contemporary accumulation strategy is differently scaled, based on competitive globalisation; yet the capacity to drive the pre-existing spatial distributional strategy has been degraded by the liberalisation of financial, product and labour markets and by the localisation of regional responses to economic governance. Newly fashioned institutions for the governance of urban and regional territorial economies focus on the immediacy of producing competitiveness but with little awareness of: *first*, how urban and regional economies are positioned with respect to processes of reterritorialisation being mapped across multiple

spatial scales; *second*, the scope and direction of Sydney's reterritorialisation and its impacts; and, *third*, how Sydney's prosperity presents significant distributional opportunities that might be managed via more spatially aware urban and regional policy settings, capable of engaging with and helping shape Sydney's distributional flows. The immediate problems emerging from this along the eastern seaboard are obvious and pressing. There are shortfalls in affordable housing, infrastructural capacity and development land, poor job accessibility, localised labour shortages, entrenched patterns of socio-spatial polarisation and locational disadvantage, and environmental stresses. Beyond the coastal growth regions, there is the multifaceted problem of the displacement of non-metropolitan, inland regions from access to the means of economic development and, simultaneously, from mediated distributional flows generated elsewhere. These represent major challenges for the management of urban and regional development and suggest of a something of a policy crisis.

To be capable of redressing this, however, urban and regional policy settings need to be underpinned by a better conceptual understanding of the economic and spatial processes that have reconstituted the Sydney regional economy and the reconfigurations these are producing. This is precisely where we encounter a substantive difficulty generated by a glaring lack of empirical data which would underpin the development of a thorough understanding of Sydney's contemporary spatial economy and, thereafter, to conceive of more effective and spatially conscious urban and regional management practices along the eastern seaboard (see Fincher 1999; Gleeson 2001 on the problems of spatially blind policy). There has been no systematic audit of Australia's urban- and regional-economic hierarchies since the upheaval of Australia's spatial economies in the 1970s (identified by Stilwell 1980, for example). Since then, not only has the post-war order of capital-city centred urban hierarchies been overturned (Pritchard and McManus 2000), there is now little to be gained by using 1970s studies (e.g. Logan *et al* 1975, Scott 1978) as a methodological and territorial base. Too much has changed. Recent studies of Sydney are also incomplete from the perspective of a spatial political economy, usually being based on limited sectoral or secondary data and speculative assertion rather than comprehensive research; and being unable to identify trends at key spatial scales without greater data disaggregation and more data integration. Any deeper understanding of the spatial and sectoral shifts in the pattern of economic activity, its accumulation outcomes and territorial effects will depend on more complete data, new data generation and a research base describing and analysing Sydney's shift in its territorial-economic relations.

Government and non-government organisations (e.g. PCA 2002a and b, NSW Urban Taskforce 2002) have mirrored academic demands for a Sydney-focused research and policy development agenda (Gleeson 2001; O'Neill and McGuirk 2002). Collectively, they note the absence of strong governance at the metropolitan scale, weaknesses in development and employment strategies for the sub-regions likely to be overwhelmed by Sydney's overspill (e.g. the Central Coast), failing mechanisms for the timely provision of infrastructure and development land, and the lack of appropriately scaled and targeted policy interventions. These expressions of concern indicate the need for a more complete data and research base describing and analysing Sydney's shift in its territorial-economic relations. Effective policy formulation is currently limited by the absence of quality spatialised data and by the lack of a thoroughly informed political economy of economic shifts at the urban and regional scales. These data and their informed analysis are crucial to a more spatially conscious urban and regional policy development and to sustain the necessary policy debates about how growth pressures in Sydney may be steered for more efficient, equitable and sustainable outcomes from a changing Sydney basin economy.

We propose, then, an agenda for urgently needed research around the question of Australia's current prosperity. This research must expose the specific reterritorialisations that accompany what is a finance-based and a Sydney-based accumulation strategy. Managing the reterritorialisation of the eastern seaboard will require not only policy responses driven by governance institutions wedded to the agenda of seeking comparative advantage, but a multi-scaled policy response from all tiers of government.

Endnotes

¹ We would like to thank the editors and an anonymous referee for helpful comments. Jana Lindstrom-Dube, Natalie Moore and Tanya Cherry provided research assistance for which we are very grateful.

References

- Access Economics and Maunsell McIntyre (2000) *Sydney's Gateways to the 21st Century*, Committee for Sydney, Sydney
- Allen, J., Massey, D., and Cochrane, A. (1998) *Rethinking the Region*, Routledge, London.
- Amin A. (2000) "The economic base of contemporary cities", in G. Bridge and S. Watson (eds), *A Companion to The City*, Blackwell, London, 115-129.
- Bourdieu, P., and Wacquant, L. (2001) "NeoLiberalSpeak: notes on the new planetary vulgate", *Radical Philosophy*, 105: 205.
- Brenner, N. (1998) "Global cities, global states: global city formation and state territorial restructuring in contemporary Europe", *Review of International Political Economy*, 5, 1-37.
- Brenner, N. (2000) "The urban question as a scale question: reflections on Henri Lefebvre, urban theory and the politics of scale", *International Journal of Urban and Regional Research* 24: 362-78.
- Brenner, N., and Theodore, N. (2002) "Cities and the geographies of 'actually existing neoliberalism'", *Antipode* 34: 349-79.
- Cochrane, A. (1999) "Redefining urban politics for the twenty-first century", in A. Jonas and D. Wilson (eds), *The Urban Growth Machine: Critical Perspectives Two Decades Later*, State University of New York, New York, 109-124.
- Collinge, C. (1999) "Self-organisation of society by scale: a spatial reworking of regulation theory", *Environment and Planning D* 17: 557-574.
- Cox. (1997) *Spaces of Globalisation: Reasserting the Power of the Local*, Guilford, New York.
- Cox, K. (1998) "Spaces of dependence, spaces of engagement and the politics of scales, or: looking for local politics", *Political Geography* 17: 1-24.
- Cox, K. (2001) "Territoriality, politics and the urban", *Political Geography* 20: 745-62.
- Cox, J., and Jonas, A. (1993) "Urban development, collective consumption and the politics of metropolitan fragmentation", *Political Geography*, 12: 8-37.
- Cox, K., and Mair, A. (1991) "From localised social structures to localities as agents", *Environment and Planning A*, 23: 197-213.
- Davies, J. (2001) *Partnerships and Regimes: The Politics of Urban Regeneration in the UK*, Ashgate, Aldershot.
- Fincher, R. (1999) "New geographies of disadvantage: implications for service delivery", *Australian Journal of Public Administration*, 58: 55-60.
- Gleeson, B. (2001) "Towards a national spatial planning framework for Australia", *Australian Planner* 38: 173-77.
- Hastings, A. (1999) "Analysing power relations in partnerships: is there a role of discourse analysis?", *Urban Studies* 36: 91-106.
- Hockey, J. (1999) "Australia as a centre for global financial services", *Asian Wall Street Journal*, 30: 6-99.

- Jessop, B. (1990) *State Theory: Putting the Capitalist State in its Place*, Polity Press, London.
- Jessop, B. (2002) "Liberalism, neoliberalism, and urban governance", *Antipode* 34: 452-72.
- Jessop, B., Peck, J., and Tickell, A. (1999) "Retooling the Machine", in A. Jonas, and D. Wilson (eds), *The Urban Growth Machine: Critical Perspectives, Two Decades Later*, State University of New York Press, New York, 141-162.
- Jonas, A. (1996) "In search of order: traditional business reformism and the crisis of neoliberalism in Massachusetts", *Transactions of the Institute of British Geographers* 21: 617-34.
- Jones, M. (1997) "Spatial selectivity of the state? The regulationist enigma and local struggles over economic governance", *Environment and Planning A* 29: 831-864.
- Jones, M., and Ward, K. (2002) "Excavating the logic of British urban policy", *Antipode*, 34: 473-494.
- Keating M. (2002) "Governing cities and regions: territorial restructuring in a global age", in A.J. Scott (ed.), *Global City-Regions: Trends, Theory, Policy*, Oxford University Press, Oxford.
- Keil, R. (1998) "Globalization makes states: perspective of local governance in the age of the world city", *Review of International Political Economy* 5: 616-646.
- Kelly, P. (1994) *The End of Uncertainty: Power, Politics and Business in Australia*, Allen and Unwin, Sydney.
- Kipfer, S. and Keil, R. (2002) "Toronto Inc? Planning the competitive city in Toronto", *Antipode*, 34: 227-264.
- Logan, M., Maher, C., McKay, J., and Humphreys, J. (1975) *Urban and Rural Australia*, Sorrell, Malvern, Vic.
- MacLeod, G. (2001) "Beyond soft institutionalism: accumulation, regulation, and their geographical fixes", *Environment and Planning A* 33: 1145-1167.
- MacLeod, G., and Goodwin, M. (1999) "Reconstructing an urban and regional political economy: on the state, politics, scale and explanation", *Political Geography* 18: 697-730.
- MacLeod, G., and Jonas, M. (2003) *Regional Economies, Local Paternalism: Scalar Relativization in a Postnational Regime*, forthcoming.
- McGuirk, P. M. (2003) "Producing the capacity to govern in global Sydney", *Journal of Urban Affairs*, 201-223.
- NSW Urban Taskforce. (2002) *Property and Infrastructure: A Future Strategy for the Sydney Metropolis*. NSWUT, Sydney.
- O'Neill P.M., and McGuirk, P.M. (2002) "Prosperity along Australian's Eastern seaboard: Sydney and the geopolitics of urban and economic change", *Australian Geographer*, 33: 241-261.
- Peck, J. (2002) "Political economies of scale: fast policy, interscalar relations, and neoliberal workfare", *Economic Geography*, 78: 331-360.
- Peck, J., and Tickell, A. (2002) "Neoliberalizing space", *Antipode* 34: 380-404.
- Polanyi, K. (1982) "The economy as instituted process", in M. Granovetter and R. Swedberg (eds), *The Sociology of Economic Life*, Westview, Boulder, 29-52.
- Premiers' Department (2001) *Working with Government: Guidelines for Privately Funded Projects*, NSW Government, Sydney.
- Pritchard, B., and McManus, P. (2000) *Land of Discontent: the Dynamics of Change in Rural and Regional Australia*, UNSW Press, Sydney.
- Property Council of Australia (2002a) *Initiatives for Sydney*. Sydney, PCA.
- Property Council of Australia (2002b) *Recapitalising Australia's Cities: a Strategy in the National Interest*. The Allen Consulting Group, Sydney.
- Rhodes, R. (1997) *Understanding Governance*, Open University Press, Milton Keynes.
- Sassen, S. (2003) "Globalization or denationalization? Annual RIPE Lecture", *Review of International Political Economy* 10: 1-22.
- Scott, P. (Ed) (1978) *Australian Cities and Public Policies*, Georgian House, Melbourne.
- Scott A.J. (2002) ed., *Global City-Regions: Trends, Theory, Policy*, Oxford University Press, Oxford.
- Smith, M. (2001) *Rethinking State Theory*. London, Routledge.

- Smith, N. (2002) "New globalism, new urbanism: gentrification as global urban strategy", *Antipode* 34: 427-450.
- Stilwell, F. (1980) *Economic Crisis, Cities and Regions*, Pergamon Press, Sydney.
- Swyngedouw, E. (1997) "Neither global nor local: 'globalization' and the politics of scale", in K. Cox (ed.), *Spaces of Globalization: Reasserting the Power of the Local*, Guilford, New York, 138-166.
- Taylor, P. (1994) "The state as container: territoriality in the modern world-system", *Progress in Human Geography*, 18, 151-62.
- Taylor, P. (1996) "Embedded statism and the social sciences: opening up to new spaces", *Environment and Planning A*, 28, 1917-928.
- Yeoh, B. (1999) "Global/globalizing cities", *Progress in Human Geography*, 23, 607-616.

The problem of a full employment economy

Victor Quirk
Centre of Full Employment and Equity (CofFEE)
University of Newcastle

Abstract: Capitalist class warriors in industry, politics and the bureaucracy pursued the elimination of full employment in the early 1970s as a deliberate strategy to subdue the labour movement in Australia, as did their counterparts across the industrialised world. The persistence of unemployment despite years of concessions by the labour movement points to political as opposed to economic causes. The problem of unemployment is that it is not a problem for the people who could do something about it.

1(a) The Problem

6th September 1971

"The almost complete elimination of long-term unemployment has had the effect when combined with the minimum wage provisions of the Australian Arbitration system of giving most Australian workers and their families a wide measure of insurance against poverty and deprivation. At the same time it enabled each individual to choose from a wide range of jobs the work opportunity he most preferred and is most suited for – thus greatly increasing job satisfaction and self-fulfilment.

The maintenance of full employment through a policy of sustained economic growth has not only increased the standard of living for workers. It has also increased the capacity of the economy to provide welfare assistance to the aged, the invalid, the widowed and the sick." Liberal Minister for Employment and National Service, Phillip Lynch (Lynch 1971)

The perspective of this paper may seem strange to those of us who see *unemployment* as a problem. Those of us with personal exposure to the issue, because we have been unemployed or have known unemployed people, either socially or through our work, have little doubt that it is a demoralising phenomenon. In thousands of studies over the past century, unemployment has been associated with all forms of human misery, including poverty, crime, substance abuse, physical and mental health problems (particularly depression) and other indicators of social malaise such as family breakdown and suicide (BLMR 1986:153). While its worst effects may be partially ameliorated by an extensive welfare system, in itself it is fundamentally bad. It is therefore hard to imagine why anyone would want mass unemployment, yet such has been the view of many influential people, including those responsible for the conduct of macro-economic and employment policy in this country. As a matter of strategic necessity they may profess commitment to full employment, yet politicians and senior bureaucrats with the ability to eliminate it have deliberately maintained mass unemployment since the 1970s to avoid the profit squeeze and 'cost-push' inflation that emerged under conditions of full employment during the 1960s.